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DEPT. FOR EB AND WHA/BSC

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TAGS: PREL PGOV SENV SOCI ETRD AR UY

SUBJECT: THREATS HIGHLIGHT STAKES IN PULP MILL DISPUTE

REF: A. 06 MONTEVIDEO 00435 AND PREVIOUS

1B. BUENOS AIRES 00687

Classified By: Ambassador Frank E. Baxter
for reasons 1.5 (b) and (d)

11. (C) Summary. Threats against Uruguay's Botnia pulp mill were largely discounted this week, but they highlight the regional tension which surrounds upcoming mediation between Uruguay and Argentina in Madrid beginning April 17. One international bridge remains blocked since November 20 and another is under threat of intermittent blockades by Argentine protesters, angry over the construction of a pulp mill on the shared Uruguay river. During the Easter holidays, access to all three bridges was cut for 10 days, eliminating all land access between Uruguay and Argentina. A protest leader's suggestion to destroy the plant by force increased Uruguayan fears and renewed discussions of possible responses to a physical attack on the plant. Meanwhile President Vazquez pledged to rebuke Argentine pressure in Madrid. This dispute strongly contributed to the intensification of U.S./Uruguay trade discussions and will certainly be on the minds of Uruguay's representatives as trade talks resume in Washington later this month. End Summary.

12. (SBU) On April 6, Alfredo de Angelis, a leader in the Argentine protests against the pulp mill in Uruguay, reportedly stated that protesters could cross the bridge into Uruguay and knock down the plant with hammers "like...the Berlin Wall." Argentine protests take place less than two miles from the pulp mill via the international bridge. De Angelis hopes to gather a group of 10,000 protesters to demonstrate against the mill on April 29. Although de Angelis later distanced himself from his statement, Uruguayans found the statement extremely disconcerting. Officials again criticized Argentina's reluctance to control protesters, one opposition congressman suggested breaking diplomatic relations with Argentina, and a newspaper reported the existence of secret military contingency plans in case of an attack on the plant. Most Uruguayans do not expect 10,000 hammer-wielding Argentines to cross the bridge at month's end--barely 1,000 showed during last weekend's protest. But Uruguayan border authorities reported that in the most recent action, protesters significantly crossed the middle of the bridge, the international border, and the technical border crossing combined with the threat have reminded Uruguay of its vulnerability.

¶3. (SBU) Newspapers reported last week that in Madrid, Argentina would argue for a relocation of the mill. Such a policy would kill the project since the plant is already more than half completed. In a statement April 10, President Vazquez declared, "the plan to relocate the plant is unacceptable and if the Argentine FM Jorge Taiana brings this proposal to Madrid, then I have very poor hopes for that meeting."

¶4. (C) Comment. High-level contacts at the MFA told us that they do not expect any progress on the pulp mill dispute until after the Argentine elections in October. But as this drama finishes its second summer season and appears ready for a long repertory engagement, the USG must avoid the temptation to dismiss it as a side show. In 2005, the conflict with Argentina further convinced Uruguay that it cannot depend on its Mercosur partners for economic growth and helped propel Uruguay into trade discussions with the U.S. and other countries. When Uruguay sits down to trade discussions in Washington on April 27, the image of a hammer-wielding Argentine will be on the minds of their negotiators. Our side would do well to keep this motivater in mind as well.

Baxter